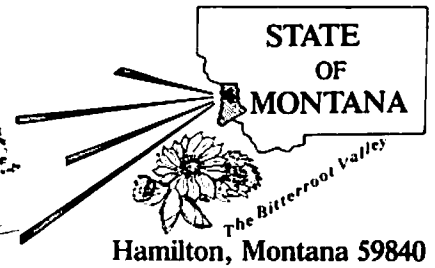
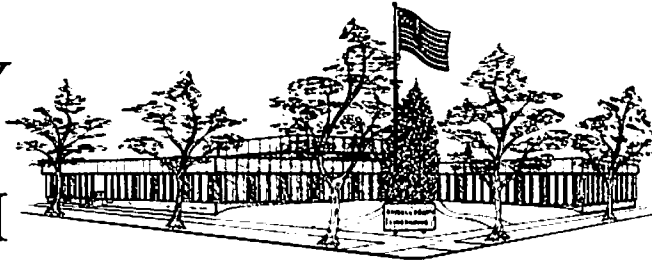


COUNTY OF RAVALLI



Ravalli County Commissioners
215 S. 4th Street, Suite A
Hamilton, MT. 59840
406-375-6500

February 21, 2008

Mr. John D. Guthmiller
Business and Industry Program Director
USDA Rural Development
P.O. Box 850
900 Technology Blvd, Suite B
Bozeman, MT 59771

RE: USDA Guaranteed Loan for T-Fuel Corvallis

Dear Mr. Guthmiller;

The Board of Ravalli County Commissioners recommend your approval of a \$15,600,000.00 term loan to T-Fuel Corvallis LLC for the purpose of constructing a biodiesel production facility that will use a non-farm feedstock to produce biodiesel. This loan, which is now in the application stage, can be funded by a bank securing its position by participating in the USDA Guaranteed Loan Program and the Renewable Energy and Energy Efficiency Program/ section 9006.

According to T-Fuel management, it is planned that the loan will be augmented by an additional \$11,000,000.00 insertion of capital from the private sector to be funded concurrently with the USDA guaranteed funding.

Both the equity and the debt funding will be for the purpose of establishing a 10-million gallon (annual production) biodiesel production facility to be located near Corvallis, Montana. Biodiesel will be produced from a special strain of microalgae that will be grown and harvested on a continuous basis in the same facility where the biodiesel is produced. T-Fuel expects to refine high quality algae oil for less than half the cost per pound as existing producers are paying for farm-grown feed stock. This T-Fuel facility will be one of the first in the nation to produce biodiesel in a fully, vertically integrated production facility. On a per acre basis, algae is at least 200 times as productive as soy beans, the preferred farm-grown feedstock currently being used for biodiesel production in the U.S.

The cost of farm-grown soy beans used as a feedstock for the production of biodiesel has increased precipitously (over 100%) during the last two years and has negatively impacted the profitability and viability of existing biodiesel producers. This increase is negatively impacting nearly 200 existing biodiesel plants currently using farm- grown feed stocks. Both the U. S. Government and the State of Montana consider energy independence to be critically important and both have a strong commitment for

the replacement of regular fossil fuels with U. S. produced biofuels. The use of non-farm feedstock will be necessary to achieve the goal of replacing fossil based diesel fuel.

The T-Fuel production facility will provide at least 20 highly paid positions in Ravalli County with an estimated payroll of over \$1,300,000.00 annually. In addition the company plans to spend over \$6,000,000.00 annually in other operating expenses exclusive of state and national income taxes. T-Fuel has the potential to become a significant high profile company headquartered in Ravalli County, with the potential to expand within the state of Montana and throughout the United States.

Early in the process of developing its business model, T-Fuel management engaged Tetra Tech EC, Inc., a highly respected, international engineering company headquartered in Pasadena CA, to work hand-in-hand in developing and refining the T-Fuel business model including extensive work on production cost estimates. Tetra Tech has been directly or indirectly involved in the design and construction of several other biodiesel facilities and has worked with T-Fuel in every aspect of the project including feasibility studies, the design, and the layout of the production facility. And, Tetra Tech will continue to assist T-Fuel management through the construction of the facility and the start-up of the company.

It is widely known that the soaring cost of feed stocks has curtailed the development of new biodiesel facilities. The T-Fuel business model is based on a whole new paradigm that totally changes the financial and operational dynamics of biodiesel production.

We ask that you carefully review the loan package T-Fuel has provided, as we believe T-Fuel may be one of the most successful and innovative companies your agency will have the opportunity to assist in funding.

Sincerely

BOARD OF RAVALLI COUNTY COMMISSIONERS


Carlotta Grandstaff, Chairman


Alan Thompson, Member


Kathleen Driscoll, Member


James E. Rokosch, Member


Greg Chilcott, Member